Keyfield International

One Win One Extension

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KEYFIELD has announced that it has a charter for a third party AWB jobs for 4 months as well as a 104 days extension of one of its owned AWB vessels, both four-point mooring vessels. The daily revenue was undisclosed but awards with shorter duration indicates a more cautious charterer and we believe that there could be slight pressure on daily revenue but no more than -10% based on our estimates. Hence, the win is neutral as we turn more cautious on its outlook as earnings downside is present if upstream weakness persists in the medium term. We maintain our forecast and TP of RM2.31 pegged to 9x FY26F PER as well as our OUTPERFORM call.

KEYFIELD has announced it has been granted a work order award for an accommodation work boat (AWB) for Petronas Carigali for a duration of four months with one month extension (third party vessel charter). In addition, the group hs also secured a work order extension for another AWB for a duration of 104 days. Both jobs will commence in 3QFY25.

The daily revenue on this deal was not disclosed. Awards which are short term in nature such as this of four months are becoming more common, and likely point to a market where charterers are less willing to lock in longer term leases. Thus, we think there could be slight pressure from earlier DCRs, but no more than 10% per our estimate, still broadly in line with expectation.

Outlook. While local OSV DCRs are expected to remain stable or only moderately lower YoY due to persistent supply tightness despite prevailing macro-economic headwinds, we turn slightly more cautious on the FY26 outlook. Petronas' recent guidance suggests that demand for <60mt bollard pull AHTS vessels remains firm, indicating sustained opportunities within this niche segment. Nevertheless, weaker crude oil prices may limit broader demand recovery. Should the subdued upstream outlook persist, we see downside risks to our earnings forecast, pending further clarity from the upcoming 2QFY25 results.

Forecasts. Maintained.

Valuations. We maintain our TP of RM2.31 pegged to unchanged 9x FY25F PER, conservatively valuing it at -1SD PER for upstream service companies to account for weaker oil price outlook.

Investment case. We like KEYFIELD due to: (i) its exposure to the booming local OSV industry, (ii) its relatively young fleet age of eight years and DP2-rated vessels which are preferred by clients, and (iii) its inclusion as a panel contractor for AHTS for Petronas. Maintain OUTPERFORM.

Risks to our call include: (i) significant decline in Brent crude prices, (ii) unexpected vessel downtime due to unplanned maintenance, and (iii) decline in oil producers' capex planned.

OUTPERFORM ↔

Price: **RM1.65**

Target Price: **RM2.31** ↔

Share Price Performance

KLCI	1,529.79
YTD KLCI chg	-6.8%
YTD stock price chg	-23.9%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KEYFIELD MK Equity
Market Cap (RM m)	1,331.5
Shares outstanding	806.4
52-week range (H)	2.90
52-week range (L)	1.68
3-mth avg. daily vol.	1,246,440
Free Float	40%
Beta	-

Major Shareholders

Lavin Group Sdn Bhd	27.0%
Dato Kee Chit Huei & Spouse	27.0%
Mohd Erwan	6.0%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Revenue	687.2	538.1	587.2
EBIT	309.7	270.9	294.8
PBT	304.2	261.0	285.0
Net Profit (NP)	**226.9**	**195.1**	**213.0**
Core NP (CNP)	**226.9**	**195.1**	**213.0**
Consensus (CNP)	-	195.0	213.0
Earnings Revision (%)		-	-
Core EPS (sen)	27.4	23.6	25.7
EPS Growth (%)	115.2	-14.1	9.2
DPS (sen)	11.0	9.4	10.3
BV/Share (RM)	0.9	1.0	1.2
PER (x)	6.0	7.0	6.4
PBV (x)	1.9	1.7	1.4
Net-Gearing (x)	-0.2	-0.2	-0.3
Div. Yield (%)	6.6	5.7	6.2

Income Statement

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Revenue	236.2	430.5	687.2	538.1	587.2
EBIT	73.7	160.5	309.7	270.9	294.8
Interest Exp	-8.7	-13.9	-5.4	-9.8	-9.8
Associate & JV	0.0	0.0	0.0	0.0	0.0
PBT	65.0	146.5	304.2	261.0	285.0
Taxation	-15.2	-39.4	-76.5	-65.3	-71.3
MI	1.0	1.6	0.8	0.7	0.8
Net Profit	48.9	105.5	226.9	195.1	213.0
Core Profit	**53.2**	**105.5**	**226.9**	**195.1**	**213.0**

Balance Sheet

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Fixed Assets	369	501	618	634	630
Intangible Assets					
Other LT assets	21	16	33	33	33
Inventories	2	3	4	4	5
Receivables	88	94	152	214	233
Other CA	1	4	3	3	3
Cash	23	73	327	361	479
Total Assets	504	691	1138	1249	1383
Payables	34	41	73	66	72
ST Borrowings	52	3	0	0	0
Other ST Liability	22	50	50	50	50
LT Borrowings	27	6	197	197	197
Other LT Liability	176	298	103	103	103
Minorities Int.	4	6	4	5	6
Perpetual	0	0	0	0.0	0.0
Net Assets	**188**	**288**	**711**	**828**	**955**
Share Capital	125	125	393	393	393
Reserves	63	163	317	434	562
Equity	**188**	**288**	**711**	**828**	**955**

Cashflow Statement

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Operating CF	62.5	184.5	304.1	171.9	243.5
Investing CF	-11.2	-29.0	-151.1	-60.0	-40.0
Financing CF	-49.0	-104.1	100.3	-78.0	-85.2

Financial Data & Ratios

FY Dec	2022A	2023A	2024A	2025F	2026F
Growth (%)					
Revenue	69.0	82.2	59.6	-21.7	9.1
EBIT	156.5	117.6	93.0	-12.5	8.9
PBT	159.8	125.4	107.6	-14.2	9.2
Net Profit	177.4	115.8	115.2	-14.1	9.2
Profitability (%)					
EBIT	31.2	37.3	45.1	50.3	50.2
PBT Margin	27.5	34.0	44.3	48.5	48.5
Net Margin	22.5	24.5	33.0	36.3	36.3
Effective Tax Rate	23.3	26.9	25.1	25.0	25.0
ROA	10.6	15.3	19.9	15.6	15.4
ROE	28.3	36.6	31.9	23.6	22.3
DuPont Analysis					
Net Margin (%)	22.5	24.5	33.0	36.3	36.3
Assets Turnover (x)	0.5	0.6	0.6	0.4	0.4
Leverage Factor (x)	2.7	2.4	1.6	1.5	1.4
ROE (%)	28.3	36.6	31.9	23.6	22.3
Leverage					
Debt/Asset (x)	0.5	0.4	0.2	0.2	0.1
Debt/Equity (x)	1.1	0.7	-0.2	-0.2	-0.3
N. Debt/(Cash)	205.8	199.6	-120.7	-154.5	-272.8
Net Debt/Equity (x)	1.1	0.7	-0.2	-0.2	-0.3
Valuations					
EPS (sen)	6.4	12.7	27.4	23.6	25.7
DPS (sen)	0.0	0.0	11.0	9.4	10.3
BVPS (RM)	0.2	0.3	0.9	1.0	1.2
PER (x)	25.7	13.0	6.0	7.0	6.4
Div. Yield (%)	0.0	0.0	6.6	5.7	6.2
P/BV (x)	7.3	4.7	1.9	1.7	1.4

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BUMI ARMADA BHD	MP	0.43	0.520	20.9%	2,637.9	Y	12/2025	6.1	6.5	-45.7%	6.4%	7.3	6.9	0.5	7.6%	0.0	0.0%
DAYANG ENTERPRISE HLDGS BHD	UP	1.85	1.56	-15.7%	2,153.5	Y	12/2025	16.5	17.3	-30.0%	5.1%	11.3	10.7	1.1	9.8%	4.0	2.2%
DIALOG GROUP BHD	OP	1.67	1.94	16.2%	9,197.6	Y	06/2025	8.6	8.7	-19.9%	1.5%	19.0	18.7	1.5	8.0%	4.0	2.5%
KEYFIELD INTERNATIONAL	OP	1.65	2.31	40.0%	1,371.0	Y	12/2025	23.6	25.7	-14.0%	9.2%	7.2	6.6	1.7	25.4%	9.0	5.3%
MISC BHD	OP	7.58	8.17	7.8%	33,701.3	Y	12/2025	54.1	46.7	11.1%	-13.8%	13.9	16.2	0.9	6.4%	36.0	4.8%
PETRONAS CHEMICALS GROUP	MP	3.69	3.40	-7.9%	27,920.0	Y	12/2025	16.0	23.4	9.1%	46.1%	21.8	14.9	0.7	3.3%	8.0	2.3%
PETRONAS DAGANGAN BHD	MP	21.50	21.20	-1.4%	21,120.8	Y	12/2025	110.4	113.0	-0.8%	2.3%	19.3	18.8	3.4	18.0%	88.0	4.1%
VELESTO ENERGY BHD	UP	0.18	0.160	-11.1%	1,519.9	Y	12/2025	1.7	1.8	-32.4%	5.3%	10.8	10.3	0.6	5.3%	1.0	5.4%
WASCO BHD	OP	1.00	1.08	8.5%	782.1	Y	12/2025	1.6	1.8	-36.8%	8.3%	61.3	56.6	6.3	10.9%	2.0	2.0%
YINSON HOLDINGS BHD	OP	2.38	3.15	32.4%	6,974.2	N	01/2026	16.6	22.2	20.3%	33.4%	14.4	10.8	1.4	10.0%	5.0	2.1%
SECTOR AGGREGATE					**108,355.5**					**-4.2%**	**8.1%**	**15.5**	**14.3**	**1.6**	**9.9%**		**2.5%**

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★			
	Community Investment	★	★			
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★			
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Transition to Low-Carbon Future	★	★	★	★	
	Conservation & Biodiversity	★	★	★		
	Effluent/Waste Management	★	★	★		
	Water Management	★	★	★		
	Supply Chain Management	★	★			
	Energy Efficiency	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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